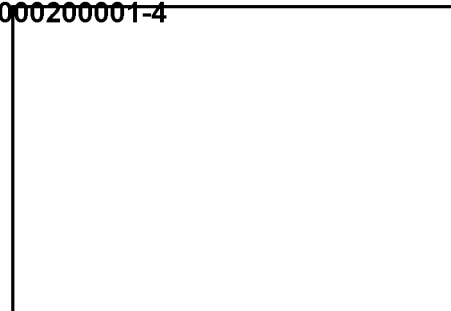




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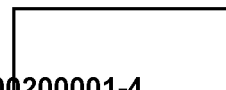


National Intelligence Daily

Tuesday
30 January 1979

State Dept. review completed

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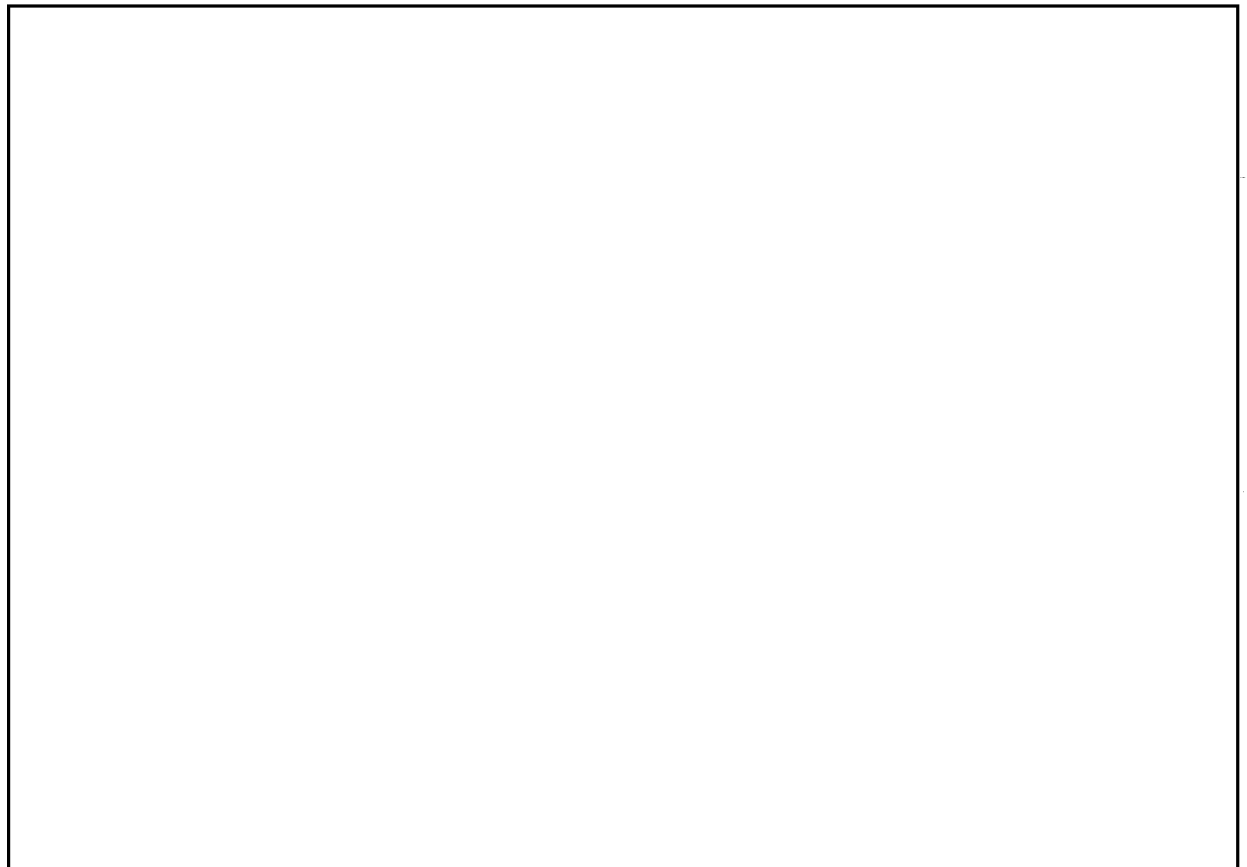
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Briefs and Comments

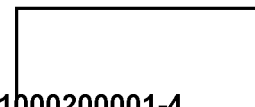
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Saudi Arabia: *Statement on Oil* 3



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BRIEFS AND COMMENTS

SAUDI ARABIA: Statement on Oil

Saudi Oil Minister Yamani expressed surprise during a conversation with US Ambassador West yesterday, when told Crown Prince Fahd had denied to visiting US Commerce Secretary Kreps that the Saudis had decided to raise oil prices and reduce production.

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According to Yamani, Fahd had authorized and already signed several days ago the order from the Council of Ministers directing that all output above 8.5 million barrels per day will be sold at fourth quarter prices. Yamani noted that the decision has already been discussed with the oil companies and several other OPEC countries. The decision also has been reported in the press.

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As part of the Saudi directive, production in the first quarter would be limited to 9.5 million barrels per day--the maximum sustainable capacity, according to Yamani, and 1 million barrels per day above the Saudi annual production ceiling. Saudi output had been averaging about 10 million barrels per day for the past two months but reportedly has been reduced temporarily to about 8 million barrels per day in order to permit necessary maintenance.

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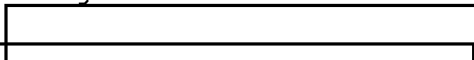
OVERNIGHT REPORTS

(The items in the Overnight Reports section have not been coordinated within the intelligence community. They are prepared overnight by the Office of Current Operations with analyst comment where possible from the production offices of NFAC.)

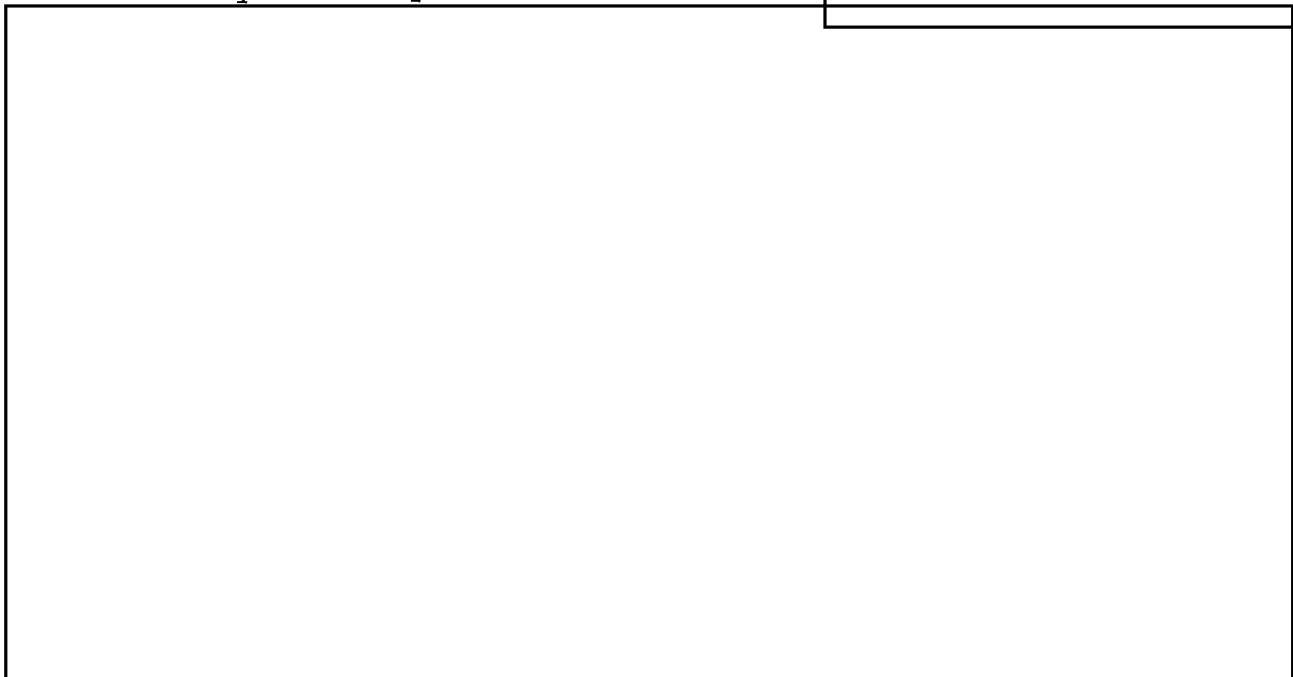
Iran

According to press reports citing the situation at mid-morning, Iran's airports were officially reopened today. Troops, however, are said to be turning people away from the main gate of Tehran's principal airport, and it may be tomorrow before the airport will be handling airplane arrivals and departures. There is no current indication that Ayatollah Khomeini will attempt to leave Paris for Iran today. Private and government banks reportedly have commenced their "total strike" on schedule today in protest of the shooting of demonstrators by security forces last Friday.

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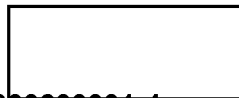


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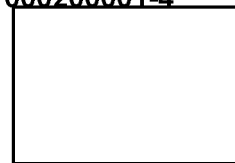


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Italy

The US Embassy in Rome reports that the assassination last week of Italian Communist Party labor activist Guido Rossa by the Red Brigades has given the Communists a prominent martyr and helped to sever the connection in the public mind of the party to the Red Brigades. The Embassy adds that the incident probably has effectively helped to unify the troubled party just as it faces tough negotiations on a successor to Prime Minister Andreotti's government. It has also strengthened their case for a government of national unity--one that would formally include their party--to defeat terrorism. [REDACTED]

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COMMENT: In addition to unifying the Communists, Rossa's killing likely will also regain for them wider support in the electorate, thus aiding the party leadership in its two main problem areas. [REDACTED]

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Egypt

The US Embassy in Cairo has learned that President Sadat personally authorized the story in al-Ahram last Friday concerning his plans to travel to the US, West Germany, and Japan in search of "Marshall Plan" aid for Egypt. [REDACTED]

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[REDACTED] Sadat preferred to make such a trip in March or April, adding that he soon would approach the three governments. [REDACTED]

East Germany - Africa

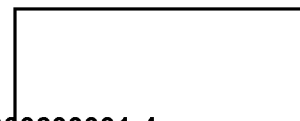
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The US Embassy in East Berlin has reported a clarification in the itinerary for party-state leader Honecker's planned visit to Africa. The Embassy says that the trip apparently will begin next week and that he will not visit Ethiopia. Honecker will go to Libya and Zambia in addition to Angola and Mozambique as previously reported. [REDACTED]

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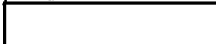
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Somalia

The US Embassy in Mogadiscio reports that the ruling party congress has ended, having completed a draft constitution to be submitted to a popular referendum later this year. The text apparently is being reviewed by the party's Central Committee and will be made public soon. Its "main points" have been published, however; they assert inter alia that Somalia is a "socialist state" with a unitary party-state leadership and will pursue a foreign policy based on "positive nonalignment" and on support of liberation movements, particularly Somali liberation movements. The Embassy concludes that the constitution does not diverge greatly from the previous formal policy statements of President Siad Barre and his colleagues. 

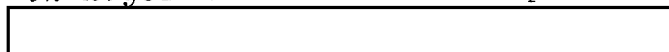
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Algeria

The official news agency has announced that the congress of the ruling party, which began Saturday, will end today with the nomination of a candidate to succeed President Boumediene, who died on 27 December. The candidate will run in a pro forma national election on 7 February and assume office a few days later. The congress will also be electing a Central Committee of 150 to 200 members who in turn will at least nominally appoint a new political bureau to team with the president in forming the country's political leadership. 

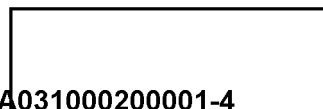
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COMMENT: Press speculation and the latest report from the US Embassy in Algiers cite Colonel Chadly Bendjedid, commander of the 2nd Military Region, as the most likely to be named to succeed Boumediene. Bendjedid is not well-known, but has been a member of the eight-man National Council of the Revolution that has ruled in Algeria since the late president became incapacitated.



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Canada

Reporting on a major foreign policy speech by opposition Progressive Conservative leader Joe Clark in Toronto last Saturday, the US Embassy in Ottawa comments that Clark underscored Canada's North American character and argued that genuinely Canadian characteristics should not be shunned simply because they are shared with the US. The Embassy notes that Clark, only recently returned from an extensive foreign tour, is attempting to project himself as knowledgeable in foreign affairs while avoiding firm policy commitments. Despite that, the Embassy concludes, Clark and his colleagues clearly want to be seen as philosophically closer to the US than the Liberal Party of Prime Minister Trudeau, who has espoused in this decade the so-called Third Option of expanding links to other industrialized states in order to diminish the predominant US position in Canada. [REDACTED]

Mexico-US

President Lopez Portillo met briefly with US Ambassador Lucey yesterday and made clear that he expects to discuss energy in some depth with President Carter during their talks in Mexico next month. Lucey reports that Lopez Portillo does not expect any specific agreements to be reached but is hopeful that a long-term accord on broad general principles can be achieved, noting that a Mexican President is obliged to plan for petroleum issues beyond his six-year term. Lopez Portillo made no specific comments on trade and undocumented workers when Lucey raised those matters as possible items for the presidential discussions. Ambassador Lucey concludes that energy is the topic most on Lopez Portillo's mind and that he clearly does want to establish a long-term basis for Mexican energy sales to the US. [REDACTED]


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